Depositor friendly guidelines by RBI

2205. SHRI EKANATH K. THAKUR: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Reserve Bank of India (RBI) has issued depositor friendly guidelines to facilitate consolidation and emergence of strong, entities in the cooperative banking sector; and

(b) if so, the details of the guidelines?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b)Yes, Sir. With a view to protect the interest of the depositors and to encourage and facilitate consolidation and emergence of strong entities in the co-operative banking sector, the Reserve Bank of India (RBI) has issued detailed guidelines for merger and amalgamation of Urban Co-operative Banks on 2nd February, 2005. Following types of proposals, subject to the post merger entity meeting the prescribed prudential norms, shall be considered by the RBI:-

(i) When the acquirer bank assures to protect entire deposits of all the depositors of the acquired banks, even if the net worth of the acquired bank is negative; and

(ii) When the net worth of the acquired bank is negative but the acquirer bank assures to protect deposits of all the depositors either on its own or with financial support from the State Government extended upfront as part of the process of merger.

While considering the proposals for merger/amalgamation, RBI's approval will be confined to the financial aspects of the merger taking into consideration the interests of the depositors and financial stability.

Charging of Service Tax from students

2206. SHRI DHARAM PAL SABHARWAL: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that private institutions having their registered offices outside Delhi are imparting training to students for competitive examinations in Engineering and Medical education and they have started charging service tax from the students at the rate of 10.5 per cent of the fee instead of paying service tax from the income of the institutions;